

Message Text

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47

ACTION STR-04

INFO OCT-01 EA-07 IO-13 ISO-00 STRE-00 SSO-00 INRE-00

NSCE-00 USIE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00

PRS-01 SP-02 FEAE-00 OMB-01 OIC-02 AF-08 ARA-06

EUR-12 NEA-10 /132 W

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O 171830Z SEP 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1885

INFO AMEMBASSY SEOUL IMMEDIATE

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ACTION STR

H PASS CODEL

1. SUMMARY: US MTN DEL (GRAEF) HELD BILATERAL TROPICAL PRODUCTS (TP) CONSULTATION, THURSDAY, SEPTEMBER 16, WITH KOREAN MTN DEL (KWON). USDEL ELABORATED ON ITS MARCH 1 OFFER TO NEGOTIATE MFN TARIFF CONCESSIONS IN TP GROUP, AND PRESENTED KOREAN DELEGATION WITH LIST OF CONTRIBUTIONS US IS SEEKING FROM KOREA IN TP NEGOTIATIONS. KOREAN DEL CLARIFIED CRITERIA USED BY KOREA IN SELECTING ITEMS ON REQUEST LIST TO US, AND WHILE NOTING THAT HE DID NOT HAVE FIRM INSTRUCTIONS ON CONTRIBUTIONS, STATED THAT AS A DEVELOPING COUNTRY, KOREA COULD BE EXPECTED TO TAKE STANDARD LDC POSITION WITH RESPECT TO CONTRIBUTIONS, I.E. NO CONTRIBUTIONS UNTIL END OF MTN WHEN "NET BENEFITS" OF WHOLE OF MTN TO KOREA AND OTHER LDCS ARE KNOWN. KOREAN DEL UNDERTOOK, HOWEVER, TO HAVE ITS

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AUTHORITIES IN CAPITAL REVIEW BOTH US OFFER AND

REQUEST, AND TO RESPOND TO US MTN DEL AT LATER DATE.

END SUMMARY

2. US MTN DEL HELD BILATERAL CONSULTATION WITH KOREAN MTN DEL TO CLARIFY KOREAN TP REQUEST LIST, TO ELABORATE ON US TP OFFER, AND TO PRESENT US REQUEST FOR SPECIFIC KOREAN CONTRIBUTIONS TO TP NEGOTIATIONS. KOREAN DEL INDICATED THAT PRODUCTS ON ITS TP REQUEST LIST HAD BEEN SELECTED BASED ON POTENTIAL EXPORT INTEREST, TAKING INTO CONSIDERATION US OFFERS ON PRODUCTS ALREADY INCLUDED IN US TP OFFER. HE EXPLAINED THAT THE FIVE PRODUCTS ON THE KOREAN REQUEST LIST ALREADY INCLUDED IN THE US OFFER WERE REQUESTS FOR US TO MAKE DEEPER CUTS THAN THOSE CURRENTLY OFFERED. HE INDICATED THAT KOREAN INTEREST IN US OFFER ON TSUS 240.17, PLYWOOD WITH FACE PLY OF PHILIPPINE MAHOGONY, WAS A MATTER OF RECORD, CITING VISIT OF STR AMBASSADOR YEUTTER TO KOREA AND DISCUSSIONS DURING THE SEVENTH KOREA-US COMMERCE MINISTERS MEETING. KOREA IS NOT SEEKING NONTARIFF CONCESSIONS IN THE TP GROUP, BUT KOREA DEL INDICATED GREAT CONCERN ON THE PART OF HIS AUTHORITIES WITH RESPECT TO POSSIBILITY OF COUNTER-VAILING DUTIES ON ASPARAGUS AND QRS OR VRAS ON CANNED MUSHROOMS.

3. MTN DEL OBSERVED THAT ALL BUT TWO PRODUCTS ON THE KOREAN REQUEST LIST HAD BEEN REQUESTED PREVIOUSLY BY OTHER COUNTRIES IN THE TP EXERCISE. THE FACT THAT THERE HAD BEEN PREVIOUS REQUESTS WHICH HAD ALREADY BEEN SERIOUSLY CONSIDERED BY WASHINGTON AGENCIES DID NOT AUGUR WELL FOR POSITIVE US RESPONSES, BUT SUCH RESPONSES WERE NOT PRECLUDED. WITH RESPECT TO INDIVIDUAL ITEMS, MTN DEL NOTED JAPAN'S MAJOR SUPPLY POSITION ON THE TWO OYSTER PRODUCTS AND JAPAN AND ITALY'S SUPPLY POSITION WITH RESPECT TO THE SOAP PRODUCTS. WITH RESPECT TO ASPARAGUS AND CANNED MUSHROOMS, MTN DEL NOTED SENSITIVITY OF THESE PRODUCTS. KOREAN DEL STATED HE HAD INFORMATION FROM HIS LIMITED OFFICIAL USE

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AUTHORITIES THAT DURING THE SEVENTH KOREA-US COMMERCE MINISTERS MEETING AND AMBASSADOR YEUTTER'S VISIT TO SEOUL, THE US HAD MADE A COMMITMENT TO INCLUDE IN ITS TP OFFER TSUS 240.25, PREFINISHED PLYWOOD PANELS. MTN DEL RESPONDED THAT IT WAS NOT INFORMED OF ANY COMMITMENT, AND THAT BASED ON OUR INFORMATION, US AUTHORITIES HAD ONLY INDICATED THEY WOULD GIVE KOREAN REQUEST SERIOUS CONSIDERATION.

4. US DEL ESTIMATED THE TRADE VALUE OF THE US GLOBAL TP OFFER TO KOREA WAS ABOUT \$108 MILLION, BASED ON 1974 US IMPORT STATISTICS. IN RESPONSE TO QUESTIONS, MTN DEL INDICATED US INTENTION TO BIND MFN DUTY REDUCTIONS, NOTING, HOWEVER, THAT BINDING WAS RELATED TO IMPLEMENTATION OF ANY AGREEMENT REACHED, AND THAT US HAD NO POSITION ON IMPLEMENTATION AT THIS EARLY STAGE OF THE TP NEGOTIATIONS.

5. MTN DEL EXPLAINED US POSITION ON CONTRIBUTIONS BY PRINCIPAL BENEFICIARIES OF US TP OFFER, WHICH WAS WELL UNDERSTOOD BY THE KOREANS AS A RESULT OF AMBASSADOR YEUTTER'S JULY VISIT TO SEOUL. MTN DEL THEN PRESENTED KOREAN DEL WITH CONFIDENTIAL NEGOTIATING LIST PREPARED BY WASHINGTON AGENCIES OF MFN TARIFF REDUCTIONS AND EXEMPTIONS FROM OTHER IMPORT RESTRICTIONS ON KOREAN IMPORTS ON WHICH US IS SEEKING CONTRIBUTIONS TO THE TP GROUP NEGOTIATIONS. MTN DEL CONFIRMED WITH KOREAN DEL PROPOSED TAX AND TARIFF REFORM PACKAGE WHICH KOREAN DEL SAID WAS BEFORE KOREAN PARLIAMENT AND COULD NOT BE EXPECTED TO BE IMPLEMENTED UNTIL JULY 1977, BUT WHICH WOULD RESPOND IN LARGE MEASURE TO CONTRIBUTIONS US IS SEEKING FROM KOREA.

6. KOREAN DEL ACCEPTED LIST OF CONTRIBUTIONS US IS SEEKING, AND STATED THEY WOULD BE IN TOUCH WITH US MTN DEL FOLLOWING RECEIPT OF INSTRUCTIONS FROM SEOUL. KOREAN DEL INDICATED THAT HE HAD RECEIVED NO INSTRUCTIONS FROM SEOUL CONCERNING THEIR POLICY ON CONTRIBUTIONS, BUT STRESSED REPEATEDLY THAT KOREA WAS A DEVELOPING COUNTRY AND THAT AS A DEVELOPING COUNTRY IT WAS LIKELY TO TAKE POSITIONS SIMILAR TO THOSE OF ALL LIMITED OFFICIAL USE

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OTHER LDCS IN MTN AND TP NEGOTIATIONS. HE BELIEVED KOREA'S STATUS AS A NON-OIL PRODUCING, AND, IN FACT, NON-RAW MATERIAL PRODUCING LDC, HAD TO BE TAKEN INTO ACCOUNT IN FORMULATING A REQUEST FOR CONTRIBUTIONS. WALKER

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